

The image features a vibrant cityscape at dusk or dawn, with a complex network of glowing white and blue lines overlaid on the scene, suggesting a global or digital network. The DAIKIN logo is prominently displayed in the upper left corner.

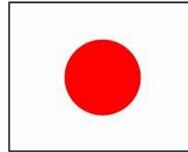
# DAIKIN

**ALAN HARRAH**  
**HEAD OF STRATEGIC SOURCING**  
**DAIKIN APPLIED**

**AUGUST 17, 2022**

## Daikin Industries, Ltd.

Revenue: \$27B+  
 Employees : 84,870  
 MFG Locations: 100+  
 Founded: 1924  
 HQ: Osaka, Japan  
 Stock: TSE since 1949



**Primary Businesses:**  
 Air Conditioning & Refrigeration  
 Chemicals  
 Oil Hydraulics  
 Defense Systems  
 Electronics

### Brands:



## Daikin Applied Americas

(Subsidiary of DIL)

Revenue: \$1.8B  
 Employees : 7,700  
 MFG Locations: 7  
 HQ: Plymouth, MN



**What we do:**  
 Design and Manufacture Advanced  
 Commercial & Industrial HVAC Systems



## DAA Value Chain

### Air Handlers



Healthcare

### Rooftop Systems



Data Centers

### Chillers



Education

### Modular Central Plants



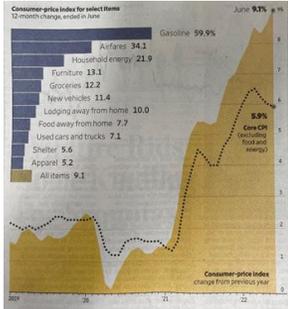
Manufacturing



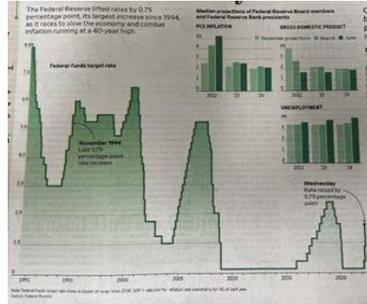
Office

#1 Global HVAC Company – Products Sold in 170+ Countries

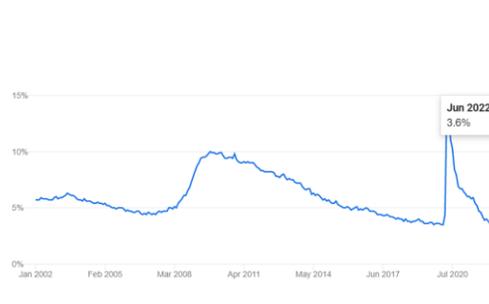
# KEY HEADLINES IMPACTING THE SUPPLY CHAIN



**Inflation hits 9.1%, highest since 1981**



**Fed lifts rates by most since '94**



**U.S. unemployment rate hits 30-month low (3.5%)**



**U.S. & EU economies ebb amid growing recession risks**

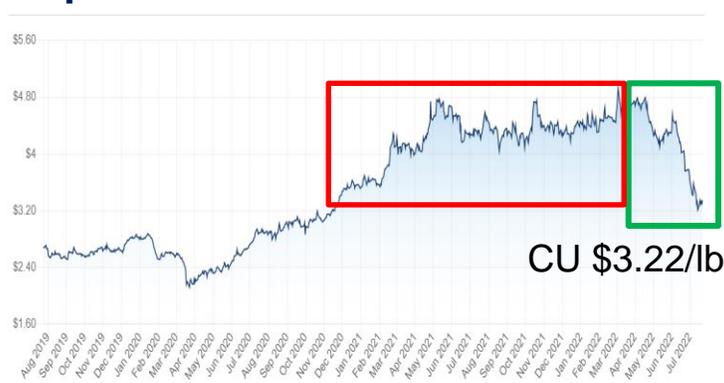


**Russia-Ukraine conflict reaches 6 months, 14,400+ dead**

**CR Steel prices continue to decline over past 9 months, reaching a 20-month low**



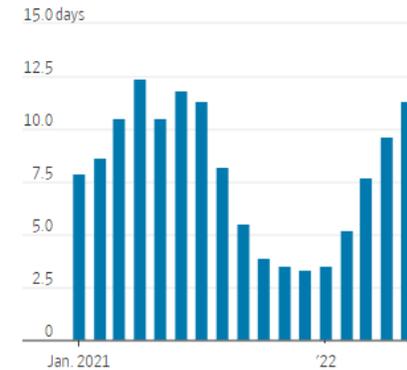
**CU LME prices drop sharply (>30%) over past 2 months to 30-month lows**



**\$52B Chips Act passes to subsidize domestic semiconductor production**



**Global freight delays continue**



Source: Pacific Merchant Shipping Association

# DAA FY22 SUPPLY CHAIN CHALLENGES & OPPORTUNITIES

November 2021

August 2022

## SUPPLY CHAIN CHALLENGES

- COVID-19 / labor shortages
- Int'l & domestic logistics delays
- Significant air freight
- Limited forecasting
- Manual processes
- AP challenges
- Limited notice from suppliers on issues
- Record supplier disruptions
- Numerous rescheduling of production lines



## SUPPLY CHAIN CHALLENGES

- Russia Ukraine Conflict
- Record double digit inflation
- Historically high customer backlog
- Electrical & Electronic component shortages and inflation (tier 1 & 2)
- The Great Resignation
- Extended customer delivery lead-times
- Suppliers prioritizing certain customers and exiting others

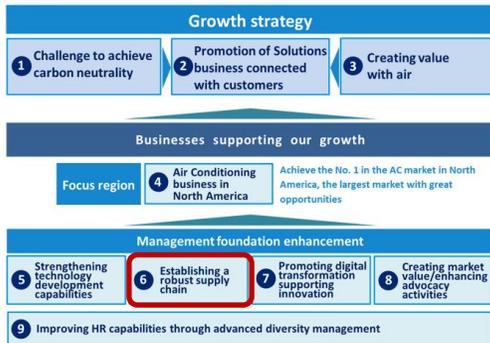


**Unprecedented Inflation, Chaos & Disruption**

**Requires Collaboration and Creative Solutions Coupled with Untiring Effort and Drive**

## FUSION 25

Daikin Industries



## INTEGRATED SUPPLY CHAIN STRATEGIC MODEL



Supplier Surveys

Category Strategies

Supplier Recovery Roadmap

Contract Coverage

Sourcing Condition
1 - Sole Source
2 - Single Source
3 - Single Source - Multi-MFG
4 - Dual Source
5 - Multi-Source



John Ehresmann  
Vice President  
Global Supply

8/17/2022



# Business Overview



**Worldwide**

**\$1,988 M**

Full Year 2021

**58%**



Americas



**23%**

EMEA



**19%**

Asia Pacific



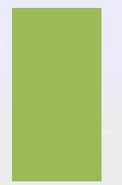
**42%**

Industrial



**20%**

Process



**38%**

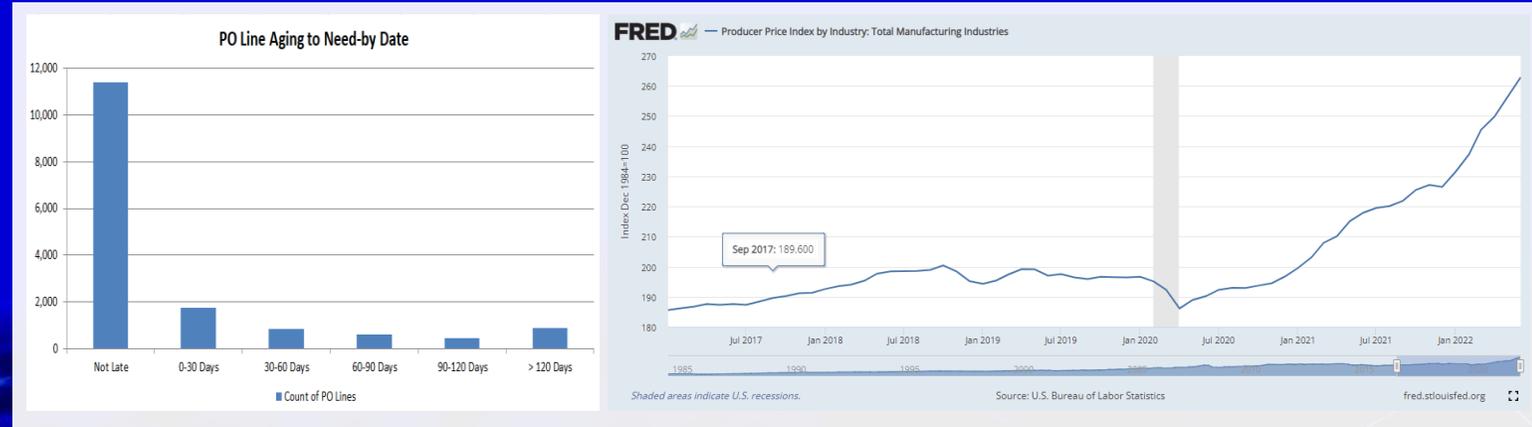
Contractor

- Graco manufactures premium equipment to pump, move, meter, mix, and dispense a wide variety of fluids and coatings
  - Difficult to handle materials, high viscosities, abrasive, corrosive
  - Multi-component materials that require precise ratio control
- What sets us apart from our competitors is our history, a focus on highly engineered, differentiated, quality products, industry-leading innovation and the solid partnerships we form with customers and suppliers around the world





# 2022 Supply Chain Challenges



## Material Availability Tough but Glimmers of Light

- Raw materials still scarce at times, especially electronic components, specialty resins and metals
- Capacity constrained suppliers, labor shortages
- Few early warning systems to provide extra time to solve
- Logistics delays and timing uncertainty continue
- Internal factory backlogs are improving
- Some suppliers starting to come to us looking for additional work

## Inflation Accelerated in 2022

- General inflation eclipsed commodity inflation in 2022
- Electronic components!
- More expensive substitutions and alternates
- Supplier labor drives both availability and price
- Less managed inflation at the tier 2+ levels
- In the most extreme cases, take it or leave it price demands or supplier exit requests
- Logistics inflation and air freight costs



# PENTAIR STRATEGIC SOURCING OVERVIEW

VT Rajeshnath

Vice President Supply Chain

ISM AUGUST 2022

# A Global Leader in Water Treatment Solutions

**9,500** employees  
**120** locations  
**25** countries  
**~\$3B** in revenue



## The Pentair Difference = Total Water Management

**Consumer Solutions**

Energy-efficient water treatment systems and services and pool and spa equipment for homes and commercial businesses

**Industrial & Flow Technologies**

Reliable and efficient water management solutions for homes, communities and industry

## WIN RIGHT Values



## Our Solutions Throughout Your Day

<p><b>7 AM</b></p> <p><b>Pressure Pump Booster Systems.</b> Water when you need it, where you need it</p>	<p><b>8 AM</b></p> <p><b>Commercial Pool Solutions.</b> Filtered, clean and sanitized water for your morning laps</p>	<p><b>10 AM</b></p> <p><b>Filtration Solutions.</b> Great tasting water means great tasting coffee</p>	<p><b>12 PM</b></p> <p><b>Precision Agriculture Solutions.</b> Make a healthy lunch with food grown more sustainably</p>	<p><b>2 PM</b></p> <p><b>Home Filtration.</b> Stay hydrated with great-tasting water</p>
<p><b>4 PM</b></p> <p><b>Energy Efficient Pumps and Heating Solutions.</b> Minimal effort means maximum fun</p>	<p><b>5 PM</b></p> <p><b>Sustainable Brewing Solutions.</b> Beer is 95% water and our solutions help ensure it stays 100% great-tasting</p>	<p><b>6 PM</b></p> <p><b>Residential Pumps.</b> Keep water out and your basement dry</p>	<p><b>7 PM</b></p> <p><b>Submersible Well Pumps.</b> Efficiently delivered, consistent water</p>	<p><b>8 PM</b></p> <p><b>Smart and Connected Pool Apps.</b> Relax and enjoy family fun</p>

**Our Foundation Is Built on Our Win Right Values**